

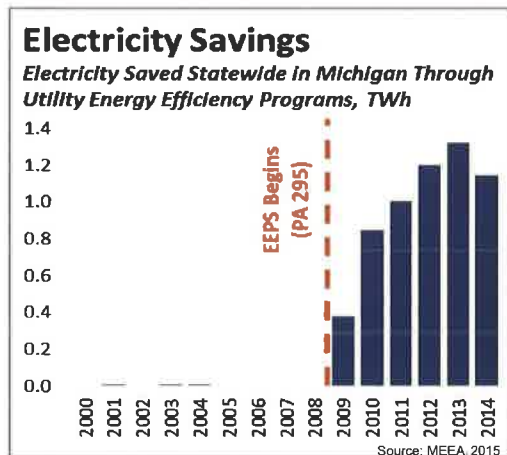


Eliminating Energy Waste: A Good Investment for Michigan

The Clean, Renewable, and Efficient Energy Act (Public Act 295 of 2008) established Michigan's Energy Optimization (EO) standard with bipartisan support. Beginning in 2012, the EO annual targets were set at 1% for electric providers and 0.75% of annual retail sales for natural gas providers, which the utilities have subsequently met or exceeded each year. Eliminating energy waste (energy efficiency) gives voters control over their energy use. Continued utility investment in eliminating energy waste has brought economic and reliability benefits to Michigan's residents and businesses. These sustained investments have allowed Michigan to take advantage of its cheapest energy resource – energy efficiency.

Voters Support and Benefit From Energy Efficiency*

- 77% of voters support the state's current energy efficiency policy.
- 90% of voters across the state, of all demographics, want to expand energy efficiency programs.
- 64% of voters view policies that increase energy efficiency as policies that create jobs and reduce energy costs over time.
- In 2014, for every **\$1 spent** on energy efficiency in Michigan, **residents and businesses reaped \$4.38 in benefits.** (MPSC, 2015)

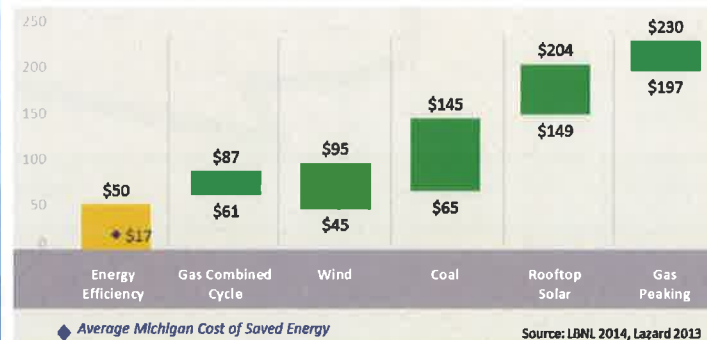


Energy Efficiency is an Energy Resource

- **Energy efficiency is the cheapest energy resource in Michigan** at \$17 per megawatt hour. New natural gas and coal-fired power plants are nearly four times more expensive, as seen in the graph below. Wind generation is more than twice the cost of energy efficiency. (ACEEE 2014, Lazard 2013)
- **Effective policy in Michigan has tripled annual electricity savings** since 2009, the first year that EE programs were implemented under P.A. 295.
- There is a lifetime energy savings of **\$1.12 billion** from **\$257 million** spent in Michigan.
- **Natural gas savings are six times higher** than in the first year of P.A. 295 natural gas programs in 2009.

Lifetime Cost of Electricity Resources

Nationwide cost ranges for selected new resources, \$/MWh



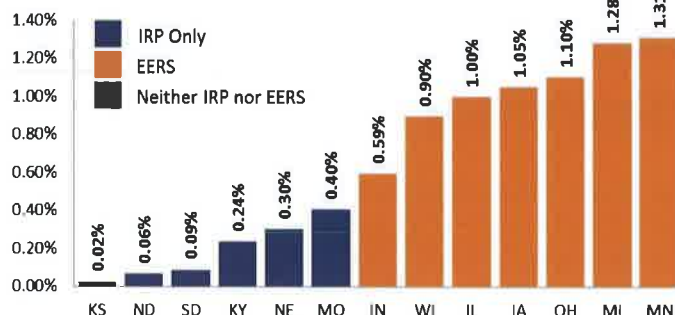
* Unless otherwise noted, data is from Michigan Voters' Views of Energy, Public Opinion Strategies, Christian Coalition of Michigan. March 2015.

Energy Efficiency Standards Drive Energy Savings in the Midwest

- **Energy efficiency resource standards (EERS) drive energy savings in the Midwest.** Many of the states with an EERS also require some form of long-term planning by their utilities. However, those that rely solely on integrated resource planning, have an overall lower level of savings.
- There is no need to repeal the current Energy Optimization standard to pursue integrated resource planning in Michigan.
- Michigan's Energy Optimization standard can serve as a minimum amount of energy efficiency considered when modeling energy supply and demand resources.
- Minnesota, as an example, has a 1.5% energy efficiency standard that serves as an input to each utility's integrated resource planning (IRP) process. Through the IRP process, the Commission determines if more energy efficiency can be achieved.

Energy Efficiency in Midwest States

Saved electricity as percent of total retail electricity sales, 2013



sources: MEEA, 2015; EIA, 2015

As of December 31, 2014, Indiana repealed its energy efficiency resource standard and Ohio's standard is "frozen." Both states are expecting a significant decrease in energy savings for 2015.

Total retail electricity sales reflect the load across all sectors for each state, not just the portion of the load served by utilities that are under an EERS mandate.

On completing the ratepayer-funded Building Operator Certification course:

"The information I have obtained from [Building Operator Certification] classes has given me the insight and knowledge necessary for me to help keep our energy costs down... Since taking the BOC Level I classes I have been given the opportunity to take on the position of Facility Operations Manager of several other properties owned by my employer."

- Robert Woodward, Chief Engineer & Facility Operations Manager, Bavarian Inn Lodge

"As conservatives, we feel that reducing energy waste is the simplest, most affordable and actionable way to save money for Michigan businesses and families."

- Larry Ward, Executive Director
Michigan Conservative Energy Forum

"No matter what the future holds, there is no scenario in which we should not more than double our efforts to reduce energy waste."

- Governor Rick Snyder, March 13, 2015

About MEEA

The Midwest Energy Efficiency Alliance (MEEA), is a membership organization of state and local governments, energy utilities, research institutes, manufacturers, energy service providers, and advocacy organizations working to advance energy efficiency in the thirteen Midwestern states. Founded in 2000, the nonprofit organization has worked collaboratively with all stakeholders to support programs, policies, education and training initiatives, and emerging technologies that have produced significant energy efficiency investment, energy and cost savings, economic growth, and enhanced environmental preservation across the region.

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